State of Idaho

DEPARTMENT OF INSURANCE

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NEWS RELEASE

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Health Insurance or Discount Plan?

Department of Insurance Cautions Consumers to Beware

BOISE ID (February 23, 2009) – Today's economic climate has caused many people who have lost their health insurance to consider discount plans or even unauthorized health coverage plans. Idaho Department of Insurance Director Bill Deal warns consumers, "A low-cost plan may not really be insurance."

Over the past several months, the Department has observed a noticeable increase in the number of calls from Idahoans asking about health plans offered by companies that are not licensed insurers. New companies appear on the market every week.

"Discount plans do not offer true insurance. Consumers may be left unprotected because these plans are largely unregulated," cautioned Gina McBride, Consumer Affairs Officer.

Once they enroll in the plan, members are provided a list of participating health care providers who have agreed to offer a discount for their services. Consumers are personally responsible for all medical expenses they incur and will not be reimbursed by the plan.

Another pitfall can be the payment plan. Some plans may require that participants agree to have funds automatically withdrawn from their accounts or pay with a credit card. If the participant wishes to cancel the plan, the process can take several months before the automatic withdrawals stop.

Before selecting a health plan, consumers should confirm whether the plan is indeed insurance where a benefit or reimbursement is being made by the plan, or if it is merely a discount plan where the consumer will not be entitled to any payment from the plan but only have access to providers at a specific discounted rate.

The Department of Insurance urges Idahoans to contact its Consumer Affairs Office to learn if companies they are looking at are licensed insurers in Idaho. Call 334-4250 in Boise, or 800-721-3272 toll-free statewide. A brochure with more information is available on the Department's website, http://doi.idaho.gov/Consumer/consumer_alert.pdf.

Regardless of the type of plan, consumers should ask for the plan's list of medical providers and find out if their own providers participate in the plan. High-pressure sales tactics, misleading or inaccurate promotion, exaggerated claims of savings and difficulty finding participating medical service providers are all red flags.

"When it comes to health discount plans, I urge Idahoans to take the time to study the plan to make sure it will provide the benefits needed," Attorney General Lawrence Wasden said.

Consumers who have complaints regarding health discount cards or discount plans that do not constitute insurance should contact the Consumer Protection Division of the Office of the Attorney General at 208-334-2424.

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